

Research Update:

# Mahwah Township Board of Education, NJ 2026 General Obligation School Bonds Assigned 'AA+' Rating; Outlook Is Stable

June 8, 2026

## Overview

- S&P Global Ratings assigned its 'AA+' long-term and underlying ratings to [Mahwah Township Board of Education](#) (BOE), New Jersey's approximately \$75.8 million series 2026 general obligation school bonds.
- The outlook is stable.

## Rationale

### Security

The district's full faith and credit pledge secures the debt, and the New Jersey Fund for the Support of Free Public Schools program provides additional security. (See "[New Jersey Credit Enhancement Programs](#)," July 11, 2024.) The long-term rating reflects our opinion of the district's underlying credit quality because it is higher than the state program rating.

Proceeds will fund capital improvements to the district's school buildings. The district anticipates receiving state aid to support approximately 33% of total debt service costs.

### Credit highlights

Mahwah Township BOE's general creditworthiness is supported by above-average resident incomes, an appreciating tax base, and cautious budgetary assumptions, which we believe will continue to support generally balanced-to-positive operations and sustenance of healthy reserves. The district's predictable property tax revenue (89% of operating revenue) and limited reliance on state aid (7%) insulate it from budgetary pressure fueled by falling equalization aid being faced by many other New Jersey school districts. Although the series 2026 bonds will materially increase the district's direct debt, we expect carrying charges to be manageable, supported by a voter-approved debt service tax levy. However, the BOE's local economic indicators, reserves, and management practices trail those of 'AAA' rated peers, precluding a higher rating.

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We expect the district to produce balanced-to-positive operating results during the next few years, supported by steady local revenue growth. Management has demonstrated willingness to raise tax rates to sustain structurally balanced operations, including recent use of a state waiver to exceed the 2% property tax cap to incorporate rising healthcare costs. The adopted fiscal 2026 (year-end June 30) budget totaled \$82.9 million (3.9% increase) and included \$4.2 million in appropriated fund balance. The total appropriated fund balance was slightly higher than prior years due to use of capital, maintenance, and emergency reserves, though the portion designed for the operating budget decreased from fiscal 2025. It is typical for New Jersey school districts to budget fund balance but not use it due to positive revenue and expenditure variance; management anticipates that total fund balance will increase at year-end primarily due to expenditure savings. The fiscal 2027 budget totals \$85.7 million (3.4% increase) and is balanced using only \$2.8 million in reserves. The district's most pressing capital needs will be met using bond proceeds; it has no plans for significant reserve use; accordingly, we expect fund balance to remain steady.

For more on New Jersey School Districts, see "[U.S. Local Governments Credit Brief: New Jersey School Districts Means and Medians](#)," Oct. 17, 2025.

The rating reflects our view of the BOE's:

- Operation of six schools serving K-12 students in the affluent Mahwah Township, where residents have access to high-paying jobs in New York City and throughout northern New Jersey. Management anticipates limited changes to future enrollment, though there is limited new development in the district and enrollment has decreased during the past few years.
- Financial management environment comparable with those of New Jersey peers, with cautious budgeting assumptions and monthly budget to actual review that supports balanced current-year operations, but less formalized long-term financial planning and financial policies than those of similarly-rated peers nationally. The district completes the state-mandated long-range facility plan as needed, which helps it identify future capital needs, but its lack of formalized multiyear revenue forecasting may limit its ability to identify and proactively plan for future budgetary stressors. It adheres to a cash management policy that identifies permitted investments but does not have its own debt or reserve policies. It has taken steps to mitigate cyber risk.
- Steady operations that we expect will continue, supporting sustenance of healthy reserves. The district's collective bargaining agreements are settled through fiscal 2027. Its fiscal 2023 deficit was due to nonrecurring capital expenditures.
- Approximately \$77.6 million in direct debt post-issuance, but we anticipate increased carrying charges will be a manageable budgetary expense because they will be supported by a designated debt service levy and state aid. Retirement costs are low and manageable due to state support for Teachers' Pension and Annuity Fund and other postemployment benefits costs; for more information, see "[Pension Spotlight: New Jersey](#)," Oct. 9, 2025.
- We expect the operating environment for New Jersey school districts will likely remain stable. (For more information on our institutional framework assessment for New Jersey school districts, see "[Institutional Framework Assessment: New Jersey Local Governments](#)," Sept. 9, 2024.)

## **Environmental, social, and governance**

We view the BOE's environmental, social, and governance factors as neutral in our analysis.

## Outlook

The stable outlook reflects our view that the BOE's predictable revenues and cautious budgeting practices will continue to support balanced-to-positive operations, enabling sustenance of healthy reserves.

### Downside scenario

We could lower the rating if the district's fund balance materially decreases, either due to budgetary imbalance or significant nonrecurring expenditures, without a plan to replenish it.

### Upside scenario

We could raise the rating if the district's local income metrics strengthen while increasing and sustaining reserves at levels comparable with those of higher-rated peers. More formalization of long-term planning practices and financial management policies would also be a consideration for a higher rating.

### Mahwah Township Board of Education, New Jersey--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.88
Economy	1.0
Financial performance	3
Reserves and liquidity	1
Management	2.65
Debt and liabilities	1.75

### Mahwah Township Board of Education, New Jersey--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	125	--	125	128
County PCPI % of U.S.	145	--	145	146
Market value (\$000s)	8,685,856	7,725,170	7,995,617	7,445,715
Market value per capita (\$)	343,505	305,512	316,207	292,747
Top 10 taxpayers % of taxable value	7.4	--	7.4	7.9
County unemployment rate (%)	3.8	3.8	3.7	3.6
Local median household EBI % of U.S.	146	--	146	147
Local per capita EBI % of U.S.	149	--	149	152
Local population	25,286	--	25,286	25,434
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	93,347	91,512	89,081
Operating fund expenditures (\$000s)	--	93,904	90,809	91,113
Net transfers and other adjustments (\$000s)	--	1,412	(24)	(2,304)
Operating result (\$000s)	--	855	679	(4,336)
Operating result % of revenues	--	0.9	0.7	(4.9)

**Mahwah Township Board of Education, New Jersey--key credit metrics**

	Most recent	2025	2024	2023
Operating result three-year average %	--	(1.1)	(0.8)	0.2
Enrollment	--	2,610	2,748	2,698
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	20.7	20.1	19.9
Available reserves (\$000s)	--	19,294	18,438	17,760
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	--	0.6	1.2
Net direct debt per capita (\$)	3,069	71	32	82
Net direct debt (\$000s)	77,610	1,800	805	2,089
Direct debt 10-year amortization (%)	35	100	100	100
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita (\$)	--	303	303	337
Combined NPLs (\$000s)	--	7,651	7,651	8,568

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

**Ratings List**

**New Issue Ratings**

US\$75.810 mil sch bnds ser 2026 due 07/15/2046

Long Term Rating AA+/Stable

Underlying Rating for Credit Program AA+/Stable

**New Rating**

**Local Government**

Mahwah Twp Brd of Ed, NJ Fund for the Support of Free Public Schools Program A/Stable

Mahwah Twp Brd of Ed, NJ Unlimited Tax General Obligation AA+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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